Intergovernmental Affairs

Annual Accountability Report For The Fiscal Year 2003-2004

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Accountability Statement

The accountability report of Nova Scotia Office of Intergovernmental Affairs for the year ended March 31, 2004, is prepared pursuant to the Provincial Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Intergovernmental Affairs' business plan information for the fiscal year 2003-04. The reporting of outcomes necessarily includes estimates, judgments and opinions by Intergovernmental Affairs management.

We acknowledge that this accountability report is the responsibility of Intergovernmental Affairs management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Office's business plan for the year.

Minister

Deputy Minister of the Office of Intergovernmental Affairs

Message from the Minister

I am pleased to provide this report on the Office of Intergovernmental Affairs' achievements for the fiscal year 2003 - 2004. The highlight of this year's intergovernmental calendar was the creation of the Council of the Federation in Charlottetown, Prince Edward Island, on December 5, 2003. The Council replaces the Annual Premiers' Conference, and is intended to strengthen Provincial-Territorial cooperation, exercise leadership on national issues of importance to Provinces and Territories, improve Federal-Provincial-Territorial relations, and promote relations between governments which are based on respect for the Constitution and recognition of the diversity within the federation. The Council has a small secretariat in Ottawa and, at its first meeting in Vancouver, British Columbia, on February 23-24, 2004, adopted an aggressive workplan including elements of importance to Nova Scotia such as working together for enhanced Federal health care funding, a strengthened Equalization program, internal trade and national cooperation on emergency preparedness.

The issue of health care funding remained the top priority for Nova Scotia and for the other Provinces and Territories. Premiers pressed the new Prime Minister, the Right Honourable Paul Martin, to take steps to ensure a sustainable health care system for Canadians. Mr Martin met with Premiers in Regina, Saskatchewan, on November 16, 2003, immediately after taking office, and indicated that he wished a better relationship with Provinces and Territories, proposing regular, formal, First Ministers' Meetings. He met with Premiers again in Ottawa on January 30, 2004, and confirmed the availability of health care funding that had previously been contingent upon the Federal surplus. Further enhancements were left to a First Ministers' Meeting in the fall of 2004.

During this fiscal period Intergovernmental Affairs continued to play a leading role, working with other departments and agencies, in focusing the Campaign for Fairness on a comprehensive review of the Canada-Nova Scotia Offshore Petroleum Resources Accord, and pressing for implementation of the Crown Shares Adjustment provisions. The continuous pressure and validity of Nova Scotia's arguments led to an adjustment in the specific offset provisions of the *Petroleum Resources Accord Implementation Act*, rebasing the start to 2000-01. This is expected to bring the Province an additional $32 million over the period 2004-06. Another major initiative related to the Accord and its implementing act where Intergovernmental Affairs is playing a key role is the drafting of occupational health and safety legislation to govern the offshore. This is a complex negotiation, involving at least four federal departments and the governments of Nova Scotia and Newfoundland and Labrador.

In Atlantic Canada, Intergovernmental Affairs worked with line departments, Atlantic colleagues and the Council of Atlantic Premiers (CAP) Secretariat to fulfil the recommendations of *Working Together for Atlantic Canada: An Action Plan for Regional Cooperation*. Atlantic Premiers released the second year report of the action plan at their meeting in Corner Brook, Newfoundland and Labrador, February 2004. Notable progress was achieved in addressing literacy, service to students with exceptionalities, skills development, joint health initiatives, innovation and procurement.

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The meeting of the New England Governors and Eastern Canadian Premiers (NEG/ECP) in Groton, Connecticut, September 7-9, 2003, yielded significant resolutions on the recent power blackout, cross-border security, information technology workforce development, northeast international biotechnology corridor, trade and globalization, greenways and environment.

In continuing to assist the Department of Energy on climate change, Intergovernmental Affairs agreed to serve as the co-chair of the Deputy Ministers Climate Change Steering Committee responsible for coordinating the corporate strategy in response to this issue and overseeing the work of the new officials task group on climate change. The Office also coordinated interdepartmental input for Nova Scotia's third annual report on compliance with the labour mobility provisions of the Agreement on Internal Trade and actively contributed to the completion of the third-year review of the Social Union Framework Agreement.

On transborder issues, the Trade Policy Unit continued its leadership role in the softwood lumber and shipbuilding files, by providing strategic advice within government and by collaborating closely with the key private sector associations. Intergovernmental Affairs has likewise been vigilant in maintaining contact with the Federal Department of Foreign Affairs and International Trade to apprise Ottawa of Nova Scotia's concerns on joint Canada-United States security measures and to ensure that the border is closed to terrorists but open for trade. Nova Scotia took the lead in forging a common Atlantic position on the need for expedited border crossing facilities in the region and on the United States Food and Drug Administration's proposed regulations on importation of fresh seafood and other perishable products. The representations made by Canada to the United States led to significant changes in the interim final draft of the regulations and greater recognition of the significance of the Maritime border crossings.

Intergovernmental Affairs was also successful in realizing its objectives through a wide variety of operational activities. These activities ranged from the preparation of briefing material and advising the Premier and Honourable Ernest Fage, Minister of Economic Development for intergovernmental meetings, through interjurisdictional liaison, information gathering, and negotiation, to strategic assessments of new Federal policy initiatives. In carrying out these functions Intergovernmental Affairs helped to ensure that Nova Scotia's position on key issues was presented in a consistent and effective manner.

The Protocol Office, which became part of Intergovernmental Affairs in 2002, plays an important role in setting the scene for Nova Scotia's intergovernmental and international strategy. The Office manages the logistics for all official visits of diplomats and dignitaries, and promotes Nova Scotian businesses, artisans and culture through government-sponsored events, including dinners, conferences, award ceremonies and the government's gift bank

Introduction

This report sets out the achievements and progress made by Intergovernmental Affairs in fulfilling its goals and realizing its projected outcomes for the fiscal period April 1, 2003 to March 31, 2004. It is intended to inform both government and the public not only of our accomplishments but also of those areas where further work may be required to achieve a successful outcome.

During this fiscal year Intergovernmental Affairs worked on a number of major issues, notably the review of the Canada-Nova Scotia Offshore Petroleum Resources Accord of 1986, the development of the Council of the Federation and its workplan, enhanced regional cooperation, the softwood lumber dispute, the implications of the United States' *Bioterrorism Act of 2002* for seafood and perishable food exporters, pre-clearance at Halifax airport for U.S.-bound flights, and climate change. In each of these areas the specific role of Intergovernmental Affairs varied depending upon the issue, but fulfilled the Office's mandate to coordinate Nova Scotia's intergovernmental positions and relations.

Intergovernmental Affairs has played a leading role from the start of the Canada-Nova Scotia Offshore Accord Review in the summer of 2002. The interdepartmental team, chaired by Intergovernmental Affairs, continued to develop Nova Scotia's positions and negotiating strategy, while undertaking discussions with Federal counterparts. There was some movement towards recognizing Nova Scotia's concerns in the Federal Budget of 2004, when the specific offset mechanism under the *Canada-Nova Scotia Offshore Petroleum Accord Act* was rebased to start in 2000-01.

With respect to regional cooperation, the Atlantic Canada Action Plan for Regional Cooperation required that the Office carry out an interdepartmental coordinating function to ensure agreement on issues and approaches. Intergovernmental Affairs also engaged in intergovernmental negotiations to arrive at initiatives that all four Atlantic Provinces could agree on. These included auto insurance, health care, Canada-U.S. relations, fiscal arrangements and support to the region's food industry.

The Office's role with regard to softwood lumber and pre-clearance focused largely on helping to develop the Province's negotiating stance and identifying appropriate venues for the Premier and senior government officials to advance Nova Scotia's position.

As follow-up to the Council's interest in, and direction to ministers, respecting internal trade, the Trade Representative accompanied the minister responsible for trade to a Provincial/Territorial ministerial meeting and participated in the drafting of an action plan, with immediate, short and long term deliverables that was subsequently approved by Premiers.

Intergovernmental Affairs worked closely with the Department of Agriculture and Fisheries to ensure that the Federal Government was well briefed on Nova Scotia's concerns regarding the draft regulations under the US *Bioterrorism Act of 2002* that could have had a negative effect on the ability of Nova Scotian exporters to send fresh seafood and other perishable food products across the American border. Activities ranged from coordinating a common position for the Atlantic

Premiers to bring forward to Ottawa, to briefing Federal, Provincial and Territorial officials during the annual consultations at the Embassy in Washington, DC, and senior officials from the Department of Foreign Affairs and International Trade during consultations on Canada's international strategy. The interim final regulations published by the US Food and Drug Administration in December 2003 went a considerable way to addressing our concerns.

In the area of climate change, the Office was instrumental in establishing an interdepartmental task group, chaired by Energy, to coordinate Nova Scotia's response to an announced $ 1.3 billion expenditure in climate change measures.

Atlantic Premiers met twice during 2003-04: once in Charlottetown, Prince Edward Island, on June 18, 2003, where the Premiers agreed on a number of national and regional issues, and again in Corner Brook, Newfoundland and Labrador on February 12, 2004, where Premiers made a strong commitment to achieving a greater level of cooperation to address the priorities of Atlantic Canadians through joint work to improve provincial programs and services and through a renewed relationship with the federal government to address regional priorities.

The New England Governors and Eastern Canadian Premiers (NEG/ECP) met in Groton, Connecticut, September 7-9, 2004 and addressed a number of transborder issues impacting New England and Eastern Canada..

Provincial and Territorial Premiers met no fewer than four times during 2003 - 2004: at the Annual Premiers' Conference in Charlottetown, Prince Edward Island, July 9 - 11, 2003, where Premiers decided to create the Council of the Federation; in Quebec City on October 23 - 24, 2003, where planning for the Council was advanced; in Charlottetown again on December 4 - 5, 2003, when Premiers signed the Founding Agreement of the Council of the Federation; and for the first time as the Council itself in Vancouver, British Columbia, on February 23 - 24, 2004, where a wide-ranging workplan was approved. At the Annual Premiers' Conference, communiqués were issued relating to constructive and cooperative federalism, health care, Canada-United States Trade, and Jobs and the Economy. The workplan of the Council of the Federation continued these concerns, adding, among other things, fiscal arrangements (including strengthening Equalization), and national cooperation on emergency preparedness. Nova Scotia and Manitoba, given their experience with disaster management, were designated co-leads on the emergency preparedness file.

Premiers met twice with the new Prime Minister, the Right Honourable Paul Martin: once at Regina, Saskatchewan, on November 16, 2003, where Mr Martin agreed to regular First Ministers' Meetings, and again in Ottawa on January 29-30,2 2004, where the Prime Minister agreed to enhance health care funding, and to a First Ministers' Meeting in the fall of 2004 to consider long-term funding for health.

For all these meetings, and for bilateral meetings with key Federal Ministers, Intergovernmental Affairs provided briefings and strategic advice to the Premier.

In order to facilitate a comparison of what we expected and what was achieved, our business plan goals for the 2003 - 2004 fiscal year are identified. Achievements by the Office of Intergovernmental Affairs during the period are directly tied to the priority action items identified in the business plan as necessary to realize these goals. Notwithstanding the inclusion of the Office's stated objectives for this period, it is recommended that this report be read in conjunction with our 2003 - 2004 Business Plan.

The Protocol Office, which became part of Intergovernmental Affairs in 2002, plays an important role in setting the scene for Nova Scotia's intergovernmental and international strategy. The Office manages the logistics for all official visits of diplomats and dignitaries, and promotes Nova Scotian businesses, artisans and culture through government-sponsored events, including dinners, conferences, award ceremonies and the government's gift bank

The Protocol Office also plays significant advisory and administrative roles within Nova Scotia. It provides protocol advice and assistance to the Lieutenant Governor, the Premier, members of the Executive Council, the Speaker and the public. It also administers the Order of Nova Scotia and the Premier's Congratulatory Certificate Program.

Progress and Accomplishments

2003-04 Core Business Areas

1. Coordinate the overall intergovernmental strategy of the Nova Scotia government, to ensure a corporate approach to other governments.
2. Build on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote regional programs and services which benefit citizens.
3. Expand Nova Scotia's international linkages to support and promote Nova Scotia's interests abroad.
4. Increase awareness and understanding both within the Nova Scotia government and in other governments, of this Province's position relative to key intergovernmental issues, and to promote fairness to Nova Scotia in negotiations with the government of Canada and other governments.

Progress in carrying out the priority action items under each of the five goals set out in our 2003-2004 Business Plan is as follows:

1. Coordinate the overall intergovernmental strategy of the Nova Scotia government, to ensure a corporate approach to other governments.

Through consultation with line departments, promote the identification of intergovernmental priorities and of opportunities for Federal-Provincial and interprovincial cooperation.

The Office worked with the Departments of Energy, Finance and Justice to identify the Province's concerns related to the Canada-Nova Scotia Offshore Petroleum Accord. Work during 2003-04 focused on the Crown-share adjustment payments issue. In its February 2004 budget, the federal government moved some way towards recognizing Nova Scotia's concerns by re-setting the specific offset provisions in the Canada-Nova Scotia Offshore Accord Implementation Act.

Close cooperation with Service Nova Scotia and Municipal Relations and with Transportation and Public Works ensured that Intergovernmental Affairs advanced Nova Scotia's interests with respect to the Canada Strategic Infrastructure Fund.

Intergovernmental Affairs coordinated across five other provincial departments and facilitated interaction with federal and non-government bodies, to advance protection and recognition of Sable Island as a unique part of Nova Scotia.

Intergovernmental Affairs worked closely with Transportation and Public Works, Tourism and Culture and the Office of Economic Development in advancing the position of the Halifax International Airport (HIA) for the establishment of U.S. preclearance at HIA. The Office used every opportunity to promote HIA's business case. This included advocacy with

Members of the Maine Congressional delegation during the Team Atlantic Trade mission to Washington, D.C., November 2003.

Intergovernmental Affairs worked closely with the Department of Energy to draft wording for a proposed new Federal-Provincial Memorandum of Understanding on Climate Change to identify opportunities for partnership funding on shared priorities.

Intergovernmental Affairs consulted with 17 relevant departments and agencies on a quarterly basis to develop and share a corporate perspective on intergovernmental negotiating priorities. It also gathered intelligence and developed central agency expertise by monitoring Federal and other Provincial developments to ensure that the Nova Scotia government can act in a proactive fashion.

Intergovernmental Affairs maintained linkages with the Federal Government and with other Provinces and Territories in order to track positions and policy developments in such diverse areas as: health care financing, Federal/Provincial fiscal arrangements, trade, immigration, the social union, Acadian Affairs, multiculturalism, regional economic development, defence, the Federal urban agenda, climate change, labour market development, emergency measures preparedness, and constitutional matters, and conveyed this information to appropriate Nova Scotian Departments.

Provide strategic policy advice and support to Ministers and in particular the Premier as he advances Nova Scotia's priority agenda at First Ministers' Meetings, Annual Premiers' Conferences and other key intergovernmental meetings.

Intergovernmental Affairs coordinated the preparation of briefing notes and other required background material and advice for intergovernmental meetings at the First Ministers' level, and provided strategic advice both before and during the meetings. Intergovernmental Affairs ensured the Premier was well briefed on all issues for the Annual Premiers' Conference in Charlottetown, Prince Edward Island, in July 2003. The Conference considered issues of relevance to Nova Scotia such as health care financing, the fiscal imbalance, fiscal arrangements, trade with the United States, and jobs and the economy. Premiers at this meeting decided to replace the Annual Premiers' Conference with the Council of the Federation, including all Premiers, with continuous administrative support in the form of a small secretariat in Ottawa.

Premiers also met in Quebec City on October 23 - 24, 2003, where planning for the Council was advanced; in Charlottetown again on December 4 - 5, 2003, when Premiers signed the Founding Agreement of the Council of the Federation; and for the first time as the Council itself in Vancouver, British Columbia, on February 23 - 24, 2004, where a wide-ranging workplan was approved. The workplan of the Council of the Federation addressed the concerns expressed at the Annual Premiers' Conference, adding, among other things, fiscal arrangements (including strengthening Equalization), and national cooperation on emergency

preparedness. Nova Scotia and Manitoba, given their experience with disaster management, were designated co-leads on the emergency preparedness file.

Premiers met twice with the new Prime Minister, the Right Honourable Paul Martin: once at Regina, Saskatchewan, on November 16, 2003, where Mr. Martin agreed to regular First Ministers' Meetings, and again in Ottawa on January 29-30,2 2004, where the Prime Minister agreed to enhance health care funding, and to a First Ministers' Meeting in the fall of 2004 to consider long-term funding for health.

Intergovernmental Affairs also briefed the Premier for bilateral meetings with the Prime Minister and the Federal Ministers responsible for Health, Fisheries and Oceans, and Intergovernmental Affairs.

The Premier was continuously briefed, in particular, on the lumber dispute and updates and advice were provided on other issues raised at intergovernmental meetings such as shipbuilding/European Free Trade Agreement (EFTA) and U.S. trade barriers. The Minister of Economic Development was supported in various Federal/Provincial/Territorial (F/P/T) conference calls and at a F/P/T international trade ministers meeting. Regular status reports were provided to him on the Softwood Lumber dispute and other trade disputes.

Coordinate the development of this Province's intergovernmental and negotiating positions, and provide operational and strategic policy support for negotiations with other Federal-Provincial-Territorial governments.

As ever, Intergovernmental Affairs worked with line departments to develop the positions the Premier brought into the Premiers' and First Ministers' Meetings over the course of the year.

Intergovernmental Affairs has played a leading role from the start of the Canada-Nova Scotia Offshore Accord Review in the summer of 2002. The interdepartmental team, with membership from Energy, Finance and Justice, chaired by Intergovernmental Affairs, continued to develop Nova Scotia's positions and negotiating strategy, while undertaking discussions with Federal counterparts.

Intergovernmental Affairs negotiated the Founding Agreement of the Council of the Federation with Provincial and Territorial colleagues, and collaborated with them in the development of the Council's workplan.

A strategic approach to immigration can impact Nova Scotia's demographic, economic and fiscal profile. Working with Education, Economic Development, Tourism Culture & Heritage to develop a corporate approach to immigration, Intergovernmental Affairs assembled vital information from various government and non-government sources, and devoted policy and technical staff to the project. By application of these resources and

contributions to process facilitation, IGA enabled preparation of a proposed public consultation package on a strategic framework for immigration.

As follow-up to the Council's interest in, and direction to, ministers respecting internal trade, the Trade Representative accompanied the minister responsible for trade to a Provincial/Territorial ministerial meeting and participated in the drafting of an action plan, with immediate, short and long term deliverables that was subsequently approved by Premiers.

Intergovernmental Affairs continues to work with the Occupational Safety Division of the Department of Environment and Labour, and with the Department of Energy, to advance negotiations with Canada and Newfoundland and Labrador on the workplace safety regime set out Nova Scotia's Bill 37, *An Act to Amend the Canada-Nova Scotia Offshore Petroleum Resources Accord implementation (Nova-Scotia) Act*, introduced in the Fall of 2003.

2. **Build on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote regional programs and services which benefit citizens.**

Identify areas where a united Atlantic position towards Ottawa can yield policy and material benefits and work with Atlantic officials to develop this position for Premiers' approval.

On a bilateral basis and through the Council of Atlantic Premiers (CAP), Intergovernmental Affairs worked with our Atlantic colleagues in ensuring common Atlantic Province positions in such key areas as: health care; automobile insurance; softwood lumber; Canada-U.S. relations; fiscal arrangements; and supporting Atlantic Canadian food products.

In particular, Intergovernmental Affairs took the lead in drafting a regional letter to Deputy Prime Minister John Manley that addressed the Bioterrorism Act and the Free and Secure Trade (FAST) and Nexus Programs.

Coordinate the implementation of the Atlantic Action Plan and continue to identify areas where regional cooperation can yield economies of scale and more efficient delivery of services to Nova Scotians, and work with Atlantic officials to develop program proposals for Premiers' approval.

Intergovernmental Affairs worked with our Atlantic colleagues and the Council of Atlantic Premiers (CAP) in the development of a Year Two Report of *Working Together for Atlantic Canada: An Action Plan for Regional Cooperation*. The Report highlighted the achievements of the Action Plan and fulfilled the Premiers' commitment to report regularly through CAP on the status of cooperation initiatives. The Year Two Report noted the progress achieved in addressing literacy, services to students with exceptionalities, skills development, joint health initiatives, innovation, and procurement.

Working Together for Atlantic Canada was approved by the Council of Atlantic Premiers in November 2001. The Action Plan outlined an agenda aimed at strengthening regional competitiveness and improving the quality and cost-effectiveness of public services to Atlantic Canadians. Measures in the plan address a wide range of issues, including health care, education and skills development, energy, the environment, transportation, research and innovation, and Atlantic procurement. Intergovernmental Affairs, through collaboration with departmental officials, both prompts and tracks the implementation of the Action Plan's initiatives within Nova Scotia.

Provide strategic advice and support to the Premier for and during meetings of the Council of Atlantic Premiers, of the Council of Maritime Premiers, and of the New England Governors and Eastern Canadian Premiers.

Intergovernmental Affairs provided strategic advice and support to the Premier during two meetings of the Council of Atlantic Premiers. Atlantic Premiers focused their discussions during these sessions on a number of national and international issues affecting Atlantic Canada. These included: health care; automobile insurance; softwood lumber; Canada-U.S. relations; fiscal arrangements; and, supporting Atlantic Canadian food products.

Intergovernmental Affairs also provided strategic advice and support to the Premier during the 28th Annual Conference of New England Governors and Eastern Canadian Premiers. Governors and Premiers passed resolutions on: the recent power blackout; cross-border security; information technology workforce development efforts; international northeast biotechnology corridor; trade and globalization; greenways; environmental projects and issues; and, equitable air pollution control strategies.

3. **Expand Nova Scotia's international linkages to support and promote Nova Scotia's interests abroad.**

Ensure that Nova Scotia's interests are fairly considered in the development of solutions to transborder irritants, security and other issues.

Intergovernmental Affairs collaborated closely with Agriculture and Fisheries in submitting relevant comments to the U.S. Food and Drug Administration's Bioterrorism Regulations, which could negatively impact on Nova Scotia exports of fresh fish and seafood products to the United States. This combined effort, in consultation with the Nova Scotia seafood industry, recognized and voiced legitimate concerns regarding the effects of the Regulations. The issue was raised with the federal departments of Foreign Affairs and International Trade (DFAIT), both in Ottawa and in diplomatic posts in Washington, D.C. and Boston, Massachusetts, and with the Canadian Food Inspection Agency (CFIA). Ultimately, the interim final regulations of December 2003 accommodated many of Nova Scotia's concerns.

The Trade Policy Unit and Office of Protocol within Intergovernmental Affairs established a procedure with Nova Scotia Business Inc. (NSBI), the Office of Economic Development and the Federal Government's International Trade Centre, whereby visits of foreign dignitaries and diplomats could be optimized in exploring trade and investment opportunities between Nova Scotia companies and target countries.

Support Nova Scotia's trade and investment strategies ensuring that Nova Scotia departments and agencies are kept abreast of international ideas, trends and multilateral obligations, and of information gathered from international organizations.

Action on this general priority is covered by achievements noted for each of the following more specific priorities listed under this goal. Additionally, trade policy staff sit on the interdepartmental trade committee so as to complement trade promotion planning and trade strategy development.

Co-arrange/manage high level diplomatic and trade/investment promotion visits and missions, and ensure that the Premier is fully briefed to participate in them and for visits from foreign dignitaries.

The Office prepared executive summaries and supplied background information on key issues to Nova Scotia Ministers for their meetings with senior Diplomatic officials from the Slovak Republic, Netherlands, Portugal, Trinidad and Tobago, Italy, United States, Israel, Belgium, Slovenia, Bahamas, Germany, Japan and Finland.

Represent Nova Scotia's interests and positions, ensuring that these are known by various governments including foreign representatives accredited to Canada.

The Office coordinated meetings between representatives of Nova Scotia Government departments and senior officials of the Federal Department of Foreign Affairs and International Trade (DFAIT) during DFAIT's consultations on a new international strategy for Canada, so that the Federal officials were aware of Nova Scotia's key concerns. A similar presentation of the Province's concerns was also arranged for junior DFAIT staff visiting Nova Scotia before their first posting.

Intergovernmental Affairs was asked by DFAIT to coordinate a presentation by senior government officials and management from the port and airport on security issues relating to energy, exports and physical infrastructure during the visit to Nova Scotia by fellows of the Weatherhead Center for International Affairs of Harvard University in August 2003. The fellows were all distinguished government, judicial, military and business leaders from around the world.

Intergovernmental Affairs briefed and accompanied the Premier during meetings with Cabinet Secretaries and high level officials in the U.S. Administration that occurred in conjunction with the Team Atlantic trade mission to Washington, D.C., November 2003.

Nova Scotia trade officials attended quarterly federal/provincial C-Trade Meetings, at which they defended and advanced provincial interests in an array of relevant trade matters. Several times a week, trade officials participated in federal/provincial conference calls on a broad range of current trade issues. These teleconferences provided updates and information, as well as opportunities to raise provincial concerns and define provincial positions.

The Nova Scotia Trade Representative attended softwood lumber dispute negotiations in Canada and defended the Nova Scotia position, based on extensive government and industry consultations. Meetings were held with Members of Parliament, the Atlantic Liberal Caucus, and federal ministers to gain or maintain support for a Maritime exemption. In addition, the Atlantic Premiers met with U.S. Commerce Secretary Evans on the lumber dispute during the Team Atlantic trade mission to Washington, D.C., November 2003.

Beyond lumber the interdepartmental trade agenda included environmental and labour cooperation negotiations, wine negotiations with the European Union, border security measures, the Cancun WTO summit, regional fisheries disputes, agricultural issues (BSE, dairy),offshore industrial benefits, and use of investment incentives and subsidies.

Intergovernmental Affairs took the initiative in identifying issues where ministerial representations would be appropriate and, as such, prepared the necessary briefing materials, correspondence, presentations, etc., to enable timely and effective interventions.

Regular contact was maintained with the Canadian Embassy in Washington D.C. and the Canadian Consulates-General in Boston, Massachusetts and New York City.

4. **Increase awareness and understanding, both within the Nova Scotia government and in other governments, of this Province's position relative to key intergovernmental issues, and to promote fairness to Nova Scotia in negotiations with the government of Canada and other governments.**

Ensure that the Nova Scotian perspective is considered in external forums like the Annual Premiers Conference, and in the development of Federal policy by working with the Intergovernmental Affairs section of the Privy Council Office, and with other Federal agencies and departments in Ottawa and in the Atlantic region (e.g., Atlantic Canada Opportunities Agency, Department of Foreign Affairs and International Trade).

The series of Premiers' and First Ministers' meetings throughout the year provided significant opportunities for Nova Scotia to bring the Province's positions on its key concerns of health care, fiscal arrangements, offshore revenues and infrastructure to the attention of First Ministers and senior officials from across Canada. The workplan of the Council of the Federation ensured that there would be continuing forums of Ministers and senior officials tasked with addressing many of these key concerns. In addition, the workplan included sections on improving the coordination and funding of emergency preparedness on

a national level, an issue of considerable importance to the Province following our experiences with Hurricane Juan in September 2003 and the major blizzard of February 2004.

Likewise, the Premier's bilateral meetings with the Prime Minister, and the Federal Ministers of Intergovernmental Affairs, Health, and Fisheries and Oceans, as well as their preparation and subsequent follow-up with Federal officials, permitted Ottawa to gain a better understanding of Nova Scotia's key concerns, especially with respect to the Offshore Petroleum Accord, both in terms of revenues and occupational health ans safety issues..

Intergovernmental Affairs worked with the Tar Ponds Agency and Federal colleagues in the Intergovernmental Affairs unit of the Privy Council Office (PCO) and the Atlantic Canada Opportunities Agency (ACOA) to ensure that the Province's concerns and positions were known to decision-makers in Ottawa while the final Federal position on funding the Sydney Tar Ponds remediation was being developed.

Maintain and expand the network of Federal, Provincial and Territorial contacts in Intergovernmental Affairs and other departments so as to exchange information and policy positions.

Intergovernmental Affairs participated in DFAIT's Canada-US Strategic Planning Conference. The Conference brought together a number of DFAIT's partners to review the Enhanced Representation Initiative (ERI), and develop and fine tune business development and advocacy priorities for the United States.

Intergovernmental Affairs coordinated the visit of new DFAIT Foreign Service Officers. These officers were briefed on Nova Scotia's international priorities by senior departmental representatives.

In addition to maintaining its extensive network with other government departments and agencies Intergovernmental Affairs expanded its contacts within both ACOA and PCO to include personnel with an interest in the emerging Federal urban agenda. Given the expansion of staff and the reassignment of functions, Intergovernmental Affairs is better equipped to promote and develop a network of federal/provincial/territorial contacts on a broad range of pertinent subjects, which, in turn, can have a multiplier effect on the quantity and quality of information available to line departments.

In addition to maintaining its existing network with other government departments and agencies, Intergovernmental Affairs expanded its contacts within both ACOA and PCO to include personnel with an interest in the emerging Federal urban agenda.

Maintain regular contact with line departments respecting their intergovernmental activity, and keep them abreast of issues involving other governments and Intergovernmental Affairs activities.

Intergovernmental Affairs consolidated its team through the integration of the Trade Policy Unit and Protocol Office and enhanced its technical expertise. Line departments are paired with Intergovernmental Affairs desk officers who access relevant networks at provincial, federal and international levels. Through redesign of the Intergovernmental Affairs team, line departments now have access to, and participate in, corporate activity on international trade matters, and intergovernmental policy on social, economic and legal matters. As a practical example, the Protocol staff and desk officers on the team consult about opportunities to bridge diplomatic visitors to line departments and businesses through which Nova Scotian interests can be advanced at the international level.

Examples of initiatives intended to provide intelligence to line departments on developments within other Canadian jurisdictions, include: the compilation and assessment of completed federal/provincial MOU's on cooperation on climate change; assistance in preparing the eighth annual report to Premiers documenting progress by Provinces and Territories on implementing the Social Union Framework Agreement.

Provide ministers and agencies with advice and support regarding trade agreements, negotiations and disputes.

Intergovernmental Affairs strengthened its existing relationship with DFAIT's United States Relations Division (NUR) by keeping in regular contact with departmental officials on transborder issues.

IGA trade officials ensure that information received from DFAIT and Canadian posts abroad is disseminated to the relevant departments/crown agencies within the Nova Scotia Government, notably: Agriculture and Fisheries, Natural Resources, Energy, Economic Development, Nova Scotia Business Inc. (NSBI), Environment and Labour, Transportation and Public Works, and the Nova Scotia Liquor Corporation.

Financial Results

There were no significant variances between the budgeted net expenditures reported in the business plan and actual results.

	Estimate	Actual
	2003-04	2003-04
Salaries	**1,139.5**	**1,102.1**
Travel	96.5	109.1
Professional/Special Services	358.2	114.2
Supplies & Service	104.4	58.5
Other	99.4	152.5
Operating Expenses	**1798.0**	**1,536.4**
Grants	**100.0**	**79.8**
Gross Expenses	**1,898.0**	**1,616.2**
Less:		
Recoveries (other)	(92.0)	(114.1)
Salary recoveries		(6.1)
NET EXPENSES	**1,806.0**	**1,496.1**

Measuring Our Performance

Five specific measures have been developed to assess Intergovernmental Affairs' progress in fulfilling its core business functions. While these measures relate specifically to the four core business areas of Intergovernmental Affairs, collectively they serve as qualitative measures of performance within three broad outcome areas:

- The development of an enhanced understanding and acceptance, in this government and among other governments, of Nova Scotia's priority interests and positions on intergovernmental matters;
- Interdepartmental coordination to ensure a corporate priority-based approach to Federal-Provincial/Territorial issues, especially where they cut across several departments responsibilities;
- Ensuring that intergovernmental negotiations are conducted according to the Province's corporate priorities of the Government of Nova Scotia and on the basis of a thorough knowledge of the issues involved, and the interests and positions of other provinces.

It should be noted that it is not always possible to control the outcomes of activities which involve either negotiation or delivery by the line departments of government. Consequently, many of Intergovernmental Affairs activities are thus not quantifiable and speak more to capacity building within the Provincial government than specific outcomes of intergovernmental relations.

In order to assess the extent to which this capacity within government has been improved Intergovernmental Affairs has based each of its outcome measures on a survey of its primary client group. This survey of eighteen Nova Scotia departments and agencies was designed to provide:

- An examination of the role and function of the Office within the Nova Scotia government;
- An evaluation of the quality of the products and services offered by Intergovernmental Affairs to other departments/agencies;
- An assessment of Intergovernmental Affairs's current business direction;
- A determination of the extent to which Intergovernmental Affairs's organization and business direction are meeting the needs of its clients; and,
- A better understanding of how Intergovernmental Affairs's services generate value for its clients and where service improvements can be made. This was measured in terms of level of priority and satisfaction of individual departments/agencies.

Key Performance Measures

Degree of improvement in the level of awareness of Nova Scotia intergovernmental priorities across the provincial government.

One of Intergovernmental Affairs' four core business areas is to *coordinate the overall intergovernmental strategy of the Nova Scotia government to ensure a corporate approach to other*

governments. The specific outcome being sought by Intergovernmental Affairs in this core area is a "Greater understanding of corporate positions and priorities relative to intergovernmental issues and negotiations."

What does the measure tell us?

This measure, based on a survey of client departments and agencies, indicates the percentage of clients whose understanding and awareness of key Provincial intergovernmental priorities and positions had been enhanced by Intergovernmental Affairs's efforts. Measured over successive years it will serve as a means to assess the degree of improvement in the level of awareness of intergovernmental priorities achieved by the Office.

Where are we now?

The third year of survey results indicate that 92% of Intergovernmental Affairs's clients believed that the Office had been successful in communicating Nova Scotia's key positions relative to intergovernmental issues. This represents a marked improvement from 66% recorded in 2001-2002, 89% in 2002-2003, and surpasses the target of 75% set for 2003-2004.

Where do we want to go/be in the future?

Intergovernmental Affairs is seeking to maintain its existing score (92%), which is substantially higher than the target set for 2003-2004, to ensure that this high level of satisfaction is sustainable. Strategies to maintain this improvement include continuously improving the monitoring of Federal and other Provincial developments to identify potential support for or conflict with, NS priorities; active participation in interdepartmental and intergovernmental committees to ensure NS interests and concerns are understood and acknowledged; and the provision of strategic policy advice to the Premier as he advances Nova Scotia's priority agenda at First Ministers Meetings and other key intergovernmental meetings.

Regional alliances and initiatives assisted by Intergovernmental Affairs.

Another of Intergovernmental Affairs' core business areas is *building on regional alliances to promote issues of fairness for Nova Scotians and Atlantic Canadians, and to promote programs and services which benefit citizens*. The desired outcome that falls within this core business area is "stronger regional cooperation."

What does the measure tell us?

The level of assistance provided by Intergovernmental Affairs is expressed as the percentage of government departments and agencies indicating that Intergovernmental Affairs had been instrumental in the development or strengthening of regional alliances and programs.

Regional cooperation can not only lead to economies of scale and the more efficient delivery of services to Nova Scotians but also through the advancement of united Atlantic positions towards Ottawa can yield policy and material benefits for this province.

Where are we now?

In 2001-2002, 66% of Intergovernmental Affairs's clients indicated that the Office had been instrumental in building regional alliances. In 2003-2004, this view had increased to 94%, above the 78% score achieved in 2002-2003, and the target set at 80%.

Where do we want to go/be in the future?

For the fiscal year 2004-2005, Intergovernmental Affairs wishes to maintain this percentage to above the target set at 90%, and ensure that this high level of satisfaction is sustainable. Strategies and activities to meet this target include: coordinating implementation of the Atlantic Action Plan and continuing to identify under this plan new areas for consideration by Premiers; identifying areas where a united Atlantic position towards Ottawa would be beneficial; providing strategic advice and support to the Premier for and during meetings of the Council of Atlantic Premiers and of the New England Governors and Eastern Canadian Premiers.

The percentage of departments actively assisted by Intergovernmental Affairs in the development of international business and government contacts

Expanding the Nova Scotia's international linkages to support and promote Nova Scotia's interests abroad is the third core business area for the Office of Intergovernmental Affairs. The desired outcome for this core area is "Improved international linkages and international business and government contacts."

What does this measure tell us?

This measure respecting the percentage of departments aided by Intergovernmental Affairs in establishing new contacts provides an indication of both the level of effort by Intergovernmental Affairs and of Intergovernmental Affairs's success in facilitating new international government and business contacts.

Where are we now?

In the 2003-2004 fiscal year Intergovernmental Affairs's survey revealed that the Office had successfully assisted 90% of its client agency and departments in expanding their international contacts. This percentage represents a sharp improvement in the results achieved as compared to the first year of the survey, where 37% of clients indicated IGA played a role in expanding Nova Scotia's international linkages.

Where do we want to go/be in the future?

Intergovernmental Affairs far surpassed the 2002-2003 target of 55% for assisting departments with expanding their international linkages. In 2004-2005 the Office will work to maintain the high level of satisfaction it achieved in the previous year and ensure that it is sustainable. Strategies and action to achieve this improvement include: ensuing that Nova Scotia's interests are fairly considered in the development of solutions to transborder irritants, security and other issues; supporting trade and investment strategies, and keeping departments and agencies abreast of international ideas, trends and multilateral obligations, and of information gathered from international organizations; co-arranging/managing high level diplomatic and trade/investment promotion visits and missions, and ensuring the Premier is fully briefed to participate in them; representing Nova Scotia's interests and positions, ensuring that these are known by various governments including foreign representatives accredited to Canada.

Level at which line agency information requirements are being met by Intergovernmental Affairs respecting key intergovernmental contacts and positions of other jurisdictions, and the level of acknowledgment within the Nova Scotia government of efforts to ensure fairness in negotiations.

Intergovernmental Affairs' fourth core business area is *increasing awareness and understanding both within the Nova Scotia government and in other governments, of the Province's position relative to key intergovernmental issues, and to promote fairness to Nova Scotia in negotiations with the government of Canada and other governments.* The outcomes defined for this goal are "Greater awareness and understanding of Nova Scotian intergovernmental procedures, policies, practices and positions", and to have Nova Scotia positions "reflected in bilateral and multilateral negotiations and agreements reached with the federal and other governments".

What does this two-part measure tell us?

This measure serves to indicate two important aspects of Intergovernmental Affairs's performance: The level at which information requirements are being met is presented as the percentage of line agencies and departments indicating that the information supplied by Intergovernmental Affairs on positions adopted by sister agencies and other governments was sufficient for them to effectively represent Nova Scotia's interests in their intergovernmental activities; and, the level of success achieved by Intergovernmental Affairs in ensuring that the principle of fairness was an important consideration for line agencies and departments in negotiating agreements and arrangements with other jurisdictions. Achievement is expressed as the percentage of clients acknowledging Intergovernmental Affairs's role in promoting this principle in their intergovernmental negotiations.

Where are we now?

Based on the 2003-2004 survey, 74% of Intergovernmental Affairs's clients indicated that their information requirements were being met. This score dropped from 83% in the previous year and

is below the target set at 80%. From the point of view of promoting fairness in negotiations, 92% of agencies and departments indicated theat the principle played an important role in intergovernmental negotiations, and is substantially above the target score of 80%.

Where do we want to go/be?

In regard to meeting client information requirements and promoting the principle of fairness in negotiations, Intergovernmental Affairs will work to build a higher and sustained level of satisfaction in 2004-2005. Strategies and activities to effect this improvement include ensuring that the Nova Scotia perspective is considered in external forums like the Council of the Federation, and in the development of Federal policy by working with the Intergovernmental Affairs section of the Privy Council Office, and with other Federal agencies and departments in Ottawa and in the Atlantic regions; maintaining and expanding the network of Federal , Provincial and Territorial contacts in Intergovernmental Affairs and other departments so as to exchange information and policy positions; maintaining regular contact with line departments and agencies respecting their intergovernmental activity, and keeping them abreast of issues involving other governments and Intergovernmental Affairs activities; and providing ministers and agencies with advice and support regarding trade agreements, negotiations and disputes.